

No. 11,806

IN THE

United States Circuit Court of Appeals  
For the Ninth Circuit

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SAFEWAY STORES, INCORPORATED,  
a Corporation,

*Appellant,*

vs.

WARREN W. DUNNELL,

*Appellee.*

APPELLANT'S REPLY BRIEF.

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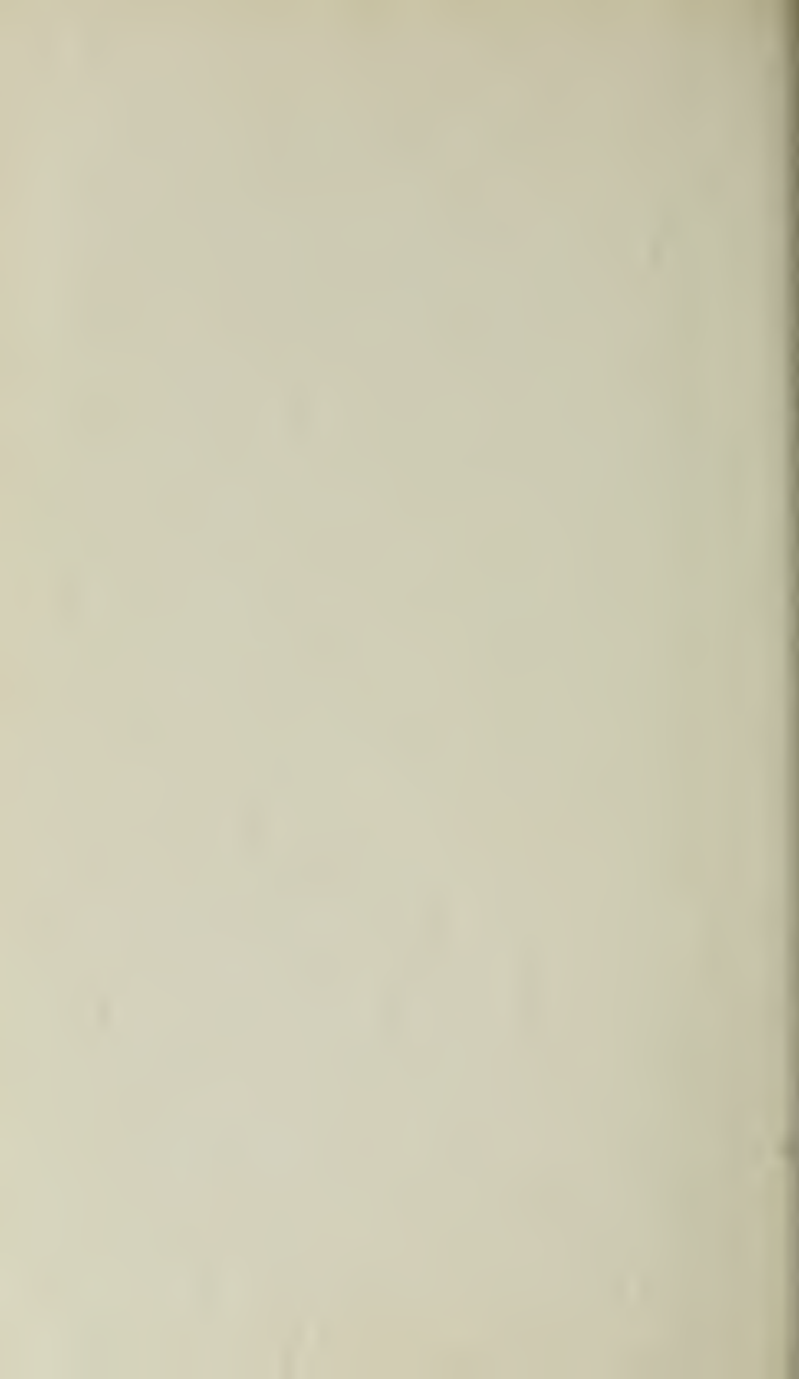
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## APPELLANT'S REPLY BRIEF.

Appellee fails to point out the intended bearing of many of the assertions in his brief. They appear in the main, however, to be directed towards an attempted showing, first, that the use of the name "Safe Way" by appellee is not likely to cause public confusion and, second, that appellant is guilty of laches. We will show under each of these main points that appellee's assertions are without merit.

1. APPELLEE'S USE OF THE NAME IS LIKELY TO  
CAUSE PUBLIC CONFUSION.

- a. Appellee's claim that he uses the name "Safe Way" only in conjunction with his firm name "Sani-Gard Sales Company" (Appellee's Br. pp. 4-5).

This contention—withstanding appellee's assertion that it is "uncontradicted" (Appellee's Br. p. 3)—is contrary to the undisputed evidence reviewed, documented and, in part, photographically reproduced in appellant's opening brief (pp. 13-14).

It should be emphasized that appellee's product is distributed *to the public* in public lavatories under the name "Safe Way" without the name "Sani Gard" or any indication of source (Ex. V, Tr. 156). It is this use—the distribution to the public under a name substantially like that of appellant—which is most likely to cause public confusion and to injure appellant. It is the trademark "Safe Way" without any other words which appellee seeks to have registered (Tr. 190, 188, 191). The likelihood of confusion is not minimized by the circumstance that appellee's firm name may appear on shipping cartons and the like which the public does not see.

- b. Appellee's claim that his product is dissimilar to appellant's products (Appellee's Br. pp. 5, 9, 12-18, 26-29).

Appellee's only concession in this regard is that both parties' products are made of paper; he denies, but in no wise refutes the various other points of similarity in use, purpose and association brought out in appellant's opening brief (pp. 23-24). Appellee seems to argue that the test of similarity should be whether "an ordinary member of the buying public would come to

the conclusion that they [the products of the contesting parties] emanate from the same source of origin" (Appellee's Br. p. 29). That test is met here. The Patent Officers found that appellee's product is "very closely related to the paper products which opposer [appellant] does sell and that the average consumer might reasonably suppose that a paper toilet seat cover sold under the notation 'Safe Way' was sponsored and sold by the opposer [appellant]."

Appellee argues at length that paper seat covers are not suitable for distribution in retail stores (Appellee's Br. pp. 5, 12-18) and that in this particular they are dissimilar to appellant's paper products. This contention—also asserted by appellee to be uncontradicted (Appellee's Br. p. 5)—is likewise contrary to the undisputed evidence reviewed and documented in our opening brief (pp. 15-16). Mr. Crebs of the Consolidated Cover Company gave uncontradicted testimony that since 1926 his company had produced a 'Travel Aid' packet of toilet seat covers for resale in stores (Tr. 158-159); in addition, appellee Dunnell himself has put out a similar product for resale in stores (Ex. R, photographically reproduced at p. 15 of Appellant's Opening Brief).

Appellee makes much of appellant's rejection of his studied and insincere solicitation to appellant to carry appellee's seat covers<sup>1</sup> (Appellee's Br. pp. 12-13). The Court will observe that appellant's unsuspecting representative did not reject the seat covers as unsuitable but simply stated "that up to the present time we

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<sup>1</sup>Termed by appellee "a piece of 'detective work'" (Appellee's Br. p. 14).



have not approved of such an item for resale in our stores.” (id.). He pointed out that this “policy” may “change \* \* \* in the future.” (id.).

We have at all times conceded the point, so thoroughly (but so unnecessarily) argued by appellee, that appellant does not carry seat covers (Appellee’s Br. pp. 12-15, 20, 6). But this does not establish that seat covers are not suitable for store sale. Moreover, even if they were not suitable, that is no answer to appellant’s case, which is grounded on the proposition that it sells toilet tissue, paper towels, paper cups, sanitary napkins and other paper products very similar to paper seat covers in purpose and use. In short, both parties deal in paper products used as an aid to personal hygiene. In this very real sense the parties’ products are one and the same, not merely similar.

**c. Appellee’s claim that appellant’s reputation is not based upon the name “Safeway” but upon nationally advertised brands carried by it (Appellee’s Br. pp. 6, 21).**

The District Judge, as well as the patent office, found to the contrary that “the general public identifies these stores under the name ‘Safeway’ ” (Tr. 42). Moreover, as pointed out in our opening brief (p. 12), appellant does sell important products under the name “Safeway.”

Even if there were factual support for appellee’s point, it is of no legal significance. All products sold by appellant—even those bearing another well-known trademark—are sold also as “Safeway” products and are vouched for by appellant; their quality and reputation directly affect appellant’s reputation and ap-



pellant's reputation and business practices affect their quality and reputation. The name "Safeway" is closely and immediately related to appellant's entire business and the use by appellee Dunnell of the name on products closely allied to those dealt in by appellant cannot but lead to public confusion.

- d. Appellee's claim that appellant is barred from relief by an asserted absence of actual confusion (Appellee's Br. pp. 7, 9-10, 18, 29).

This contention is based upon testimony of appellee Dunnell that no instances of confusion have ever come to his attention. This self-serving testimony has little probative effect and does not appear to have been given weight by either the fact-finding administrative experts in the patent office or by the District Judge.

Moreover, it is not significant that cases of confusion have not come to light. As stated in our opening brief (pp. 25-26), a member of the public, knowing appellant as "Safeway", would without query, associate appellee's "Safe Way" product with appellant.

And as we have shown at length in our opening brief, the test under both statute and cases is not confusion but likelihood of confusion.

- e. Appellee's claim that he has a good reputation and that appellant could only be benefited, not damaged, by appellee's use of the name "Safe Way" (Appellee's Br. pp. 22-23, 6).

It is apparent that appellee Dunnell has missed the point of appellant's assertion which is not that appellee is diverting sales from appellant to himself but

rather that appellee by appropriating appellant's name is appropriating its reputation.

"However, it has of recent years been recognized that a merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court. His mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. *If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask.* And so it has come to be recognized that, unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful." (Judge Learned Hand in *Yale Elec. Corp. v. Robertson* (C.A.A. 2, 1928), 26 F. 2d 972 at 974). (Emphasis ours).

See also: *Restatement of Law, Torts*, pp. 597-598; *Stork Restaurant v. N. Sahati, et al.*, (C.C.A. 9, 1948), 166 F. (2d) 348 at 363; *Academy of Motion Picture Arts & Sciences v. Benson*, 15 C. (2d) 685 at 689, 104 P. (2d) 650 (1940); *Winfield v. Charles*, 77 C. A. (2d) 64, 70, 175 P. (2d) 69 (1946).

- f. Appellee's claim that any confusion resulting from his use of the name "Safe Way" is not remediable (Appellee's Br. pp. 22-23).

Appellee relies upon *Garrett & Co., Inc. v. Gray*, 49 U.S.P.Q. 569 (1941), for this proposition. That case held simply that any possible confusion was not

remediable under the old trade mark statute since the goods (dolls) of the applicant for registration of the name "Virginia Dare" and the goods (wine) of the opposer were not similar, as required by the statutory section involved. The case is not in point for several reasons:

(1) In our case the goods of opposer (appellant) and the applicant for registration (appellee) are very similar.

(2) Under the new Trademark Act (the Lanham Act), the "Virginia Dare" case is of doubtful validity since similarity of goods is not the test (see Appellant's Opening Br., pp. 32-34).

(3) The *Virginia Dare* case is clearly without significance so far as appellant's counterclaim (based upon the principles of unfair competition) is concerned since, for relief, goods need not be competitive (see Appellant's Opening Br., pp. 36-48).

(4) The *Virginia Dare* case did not involve the name clause of the old Trademark Act, the provision here involved (Appellant's Opening Br., p. 29 et seq.). It is settled that likelihood of confusion is the sole criterion under the name clause, similarity of product being material only as one factor bearing on likelihood of confusion (Appellant's Opening Br., pp. 29-32).

g. Appellee's claim that extensive use of the name "Safe Way" by others bars appellant (Appellee's Br. pp. 23-25, 5-6, 8).

This point which is also set forth by the District Judge as a conclusion of law (VI, Tr. 47) apparently proceeds upon the theory that the word "Safeway", is commonplace, cannot mean appellant and, that therefore, there is no likelihood of confusion.

That a name or term may be commonplace does not prevent it from acquiring a secondary meaning and does not preclude protection. (*Phillips v. The Governor & Co. of Adventurers of England Trading into Hudson's Bay*, 79 F. (2d) 971 (C.C.A. 9, 1935); *Academy of Motion Picture Arts & Sciences v. Benson*, 15 C. (2d) 685 (1940); *Sweet Sixteen Co. v. Sweet "16" Shop, Inc.*, 15 F. (2d) 920 (C.C.A. 8, 1926); *Bill's Gay Nineties v. Fisher*, 41 N.Y.S. (2d) 234 (1943); *Stork Restaurant v. N. Sahati, et al.*, 166 F. (2d) 348 (C.C.A. 9, 1948). These cases protected, respectively, the commonplace terms "Hudson Bay", "The Academy", "Sweet Sixteen", "Gay Nineties" and "Stork", since each had required a secondary meaning in connection with a particular business. Whether a name has acquired a secondary meaning is a question of fact. That question of fact has been determined in the case at bar in favor of appellant, Safeway Stores, Incorporated, by the District Judge (Tr. 42) as well as the patent officers. That the name is commonplace may make it difficult to invest it with a secondary meaning; but that difficulty does not negative the existence of the secondary meaning, once acquired. All that *American Steel Foundries v.*

*Robertson*, 269 U. S. 372, 70 L. Ed. 317, 46 S. Ct. 160 (1926) (relied upon by appellee (Appellee's Br., p. 24)) decided was that the word "Simplex" did not have the requisite secondary meaning. Here the contrary is the case. *Southern Independent Oil & Refining Co. v. Safeway Stores, Incorporated*, 48 U.S.P.Q. 220, also relied upon by appellee (Appellee's Br., p. 23) in which the patent commissioner decided that the sale of gasoline under the name "Safeway" was not likely to confuse the public to the injury of Safeway Stores, Incorporated, was, in effect, overruled by the commissioner in *Safeway Stores, Incorporated v. Safeway Opticians, Inc.*, 68 U.S.P.Q. 332 (1946). "\* \* \* insofar as it [the *Southern Oil* case] may be in conflict with the 'RCA' case, supra, it must be regarded as overruled by necessary implication." (p. 333.)

"Safeway", moreover, is not commonplace; it is a coined term of fanciful character not to be found in the dictionary. It is well known, but not "commonplace", solely because of extensive and long continued use and advertising by appellant.

The uses of the name "Safeway" by others, relied upon by appellee, appear in large measure to have been the use of the name by appellant's subsidiaries prior to 1942 (Appellee's Br. p. 25). Appellant has succeeded to their assets and goodwill and asserts their rights in this litigation. Their use of the name is the basis for, and cannot possibly impair, appellant's rights. A similar contention relative to the subsidiaries of RCA was expressly rejected in *Radio*



*Corporation of America v. Rayon Corp. of America*, 139 F. (2d) 833, 837 (C.C.P.A. 1943).

In addition to the use of the name by appellant's subsidiaries, appellee Dunnell emphasizes the Patent Office registration of the name by others (Appellee's Br. p. 25). The uncontradicted evidence shows that appellant first became aware in about 1938 of these registrations of the name "Safeway" by others (Tr. 122-123); that since that time appellant has consistently opposed such registrations (Tr. 123), and that the cases in which these registrations were granted were finally overruled in 1944 in the *Safeway Opticians* case, 68 U.S.P.Q. 332, 584 O.G. 498, cited and relied upon by the Assistant Commissioner of Patents in his decision in the case at bar (Appendix to Appellant's Opening Br. vii).

In any case, mere registration of a name in the Patent Office does not show extensive public use.

There is some suggestion in Appellee's Brief that the use of the name "Safeway" by others is of itself an answer to appellant's claims in this litigation. This suggestion is without merit. It is established that use by others is no justification for appellee's wrongful use. *Ford Motor Co. v. Insecticide Corp.*, 69 F. Supp. 935, 937 (E. D. Mich. 1947); *Great Atlantic & Pacific Tea Stores v. A. & P. Radio Stores, Inc.*, 20 F. Supp. 703, 706 (E.D. Pa. 1937). In the latter case the Court states at page 706:

"\* \* \* But regardless of this it is obviously no excuse for the defendant's conduct to say that others have been guilty of the same wrong. Nor

is the question here whether the plaintiff has an exclusive right, but rather whether to the public 'A&P' means the plaintiff."

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We submit that appellee's arguments designed to show that there is no likelihood of confusion are without merit and that appellee Dunnell has failed to answer at all the point emphasized by the Patent Officers and by our opening brief that there is likelihood of confusion, since the name "Safeway" means appellant, Safeway Stores, Incorporated, and since there are so many apparent and practical similarities of product. Even if the likelihood of confusion were not clear, "if doubtful, the decision of the Patent Office must control." *Morgan v. Daniels*, 153 U. S. 120, 14 S. Ct. 772 at 774, 38 L. Ed. 657 (1894), discussed Appellant's Brief (pp. 19-20).

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## 2. APPELLANT IS NOT BARRED BY LACHES.

The Patent Officers expressly found against the claim of laches (Appendix, Appellant's Opening Br., iii, viii, ix). Moreover, the District Judge, by making no finding or conclusion relative to appellee's affirmative assertion of laches, impliedly found and determined that there were none. His opinion (75 F. Supp. 900) plainly shows that he did not decide the case in favor of appellee by reason of this asserted defense.

Patently, appellant's defense to the registration cannot be barred by laches, since the defense could not



be asserted by appellant until appellee had applied for registration. See decisions of Patent Officers.

And as to appellant's counterclaim, it is established that "in a case of this type [unfair competition where only injunctive relief is sought] laches is no defense." *Stork Restaurant v. N. Sahati, et al.*, 166 F. (2d) 348, 363 (C.C.A. 9, 1948); *Hall v. Holstrom*, 106 C.A. 563, 570-571, (289 P. 668 (1930)); *Brooks Bros. v. Brooks Clothing of Cal.*, 60 F. Supp., 442, 458, 462, (S.D. Cal. 1945); *Great Atlantic & Pacific Tea Co. v. A. & P. Cleaners & Dyers, Inc.*, 10 F. Supp. 450-451, (W.D. Pa. 1934); *Yale Electric Corp. v. Robertson*, 26 F. (2d) 972, (C.C.A. 2, 1928).<sup>2</sup>

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<sup>2</sup>The foregoing abbreviated treatment of appellee's claim of laches is not at all an admission of the extravagant factual charges made in its brief. We emphasize, particularly, that appellant did not know of appellee's use of the name until appellee sought to register the name (Tr. 252). Thereupon, appellant promptly asserted its rights (Tr. 193-194). Appellee's claim that appellant must be deemed to have had notice by reason of the volume of appellee's business in California, said to aggregate "44,000,000 seat covers" during the 8 year period from 1933 through 1941 (Appellee's Br. p. 34), is without merit. From 8000 to 10,000 covers pass through a single dispensing cabinet each year (Tr., 158). Each dispensing cabinet serves but a single toilet.  $44,000,000 \div 8 \times 8000 = 688$  public lavatories served by appellee. Actually, this figure of 688 is greatly exaggerated since most public lavatories (apart from service stations) have three or more separate toilets. It is apparent that the less than 700 public lavatories allegedly served by appellee is an insignificant number of the public lavatories in the office buildings, factories, public buildings and thousands of other public rest rooms in California. Surely it is not surprising that appellant did not learn thereof. This small volume also explains further why instances of public confusion would not have come to light. See supra, point 1-d.

Nor do we concede at all the numerous captious and irrelevant arguments to which specific reply has not been made. For example, the argument at pages 30-33 of appellee's brief is both irrelevant and is based upon a misreading of the Examiner's decision. The examiner did not cite the *Ariston* case for the proposition

## CONCLUSION.

The Court will have observed that appellee has failed to reply at all to our contention that the doctrine of administrative finality should be applied to reinstate the Patent Office decisions (Appellant's Opening Br., pp. 17-27). Appellee has merely argued that there was certain evidence that would have justified a decision by the Patent Officers contrary to that reached by them. Even if this argument were valid it would remain true that there is ample evidence to support the findings and decisions in the Patent Office. Appellee does not even suggest that there was new, different and compelling evidence before the District Judge. He bases his claim solely upon "the evidence taken in the Patent Office" (Appellee's Br., p. 2). The Patent Office decision must be affirmed.

Moreover, as shown above, there is no merit in appellee's arguments that there was evidence in the Patent Office that would have justified a decision different from the one there made. The meaning of the name "Safeway" as "Safeway Stores, Incorporated" and the similarity of product, together, compel a finding of likelihood of confusion.

The decision we seek will not harm appellee who will remain free to develop his business and product under the name "Sani-Gard" (with which he asserts

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that all that is necessary for an opposer to prevail under the name clause is that it be in existence, but rather for the proposition that such existence gives the opposer standing to intervene. His decision on the merits was predicated entirely not upon a mere finding of appellant's corporate existence but upon a determination of likelihood of confusion under principles akin to those upon which the law of unfair competition is based.

his goodwill is connected) or countless other names. Such a decision will leave each party free to develop and control its own business and reputation without interference from the other.

Dated, San Francisco,  
May 3, 1948.

Respectfully submitted.

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